

February 20, 2026

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Aarti Industries	Acc	454	466
Clean Science and Technology	HOLD	737	841
Deepak Nitrite	HOLD	1,640	1,673
Fine Organic Industries	BUY	4,478	5,117
Gujarat Fluorochemicals	HOLD	3,411	3,434
Jubilant Ingrevia	HOLD	612	657
Laxmi Organic Industries	REDUCE	141	125
Navin Fluorine International	Acc	6,388	7,038
NOCIL	HOLD	150	159
PCBL Chemical	HOLD	307	302
P.I. Industries	HOLD	3,016	3,196
SRF	HOLD	2,679	2,894
Vinati Organics	Acc	1,483	1,671

Source: PL Acc=Accumulate

Top Picks

Fine Organic Industries

Navin Fluorine International

Vinati Organic

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Earnings visibility dims as EPS cuts continue

Quick Pointers:

- Consensus estimates for FY26 EPS of our coverage revised downwards for past 8 consecutive quarters
- China's continued expansion of chemical capacity and high-end production is fueling global oversupply, keeping operating rates and margins under pressure

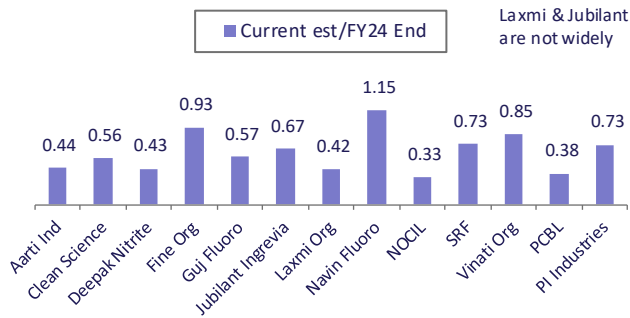
Declining demand, falling realizations and spreads, inventory de-stocking, and continued dumping combined with rising overcapacity across key chemical chains and weak visibility, have led to sharp downward revisions in consensus estimates for specialty chemical companies under our coverage. Such sharp EPS cuts have resulted in sliding stock prices, with a few names nearly halving over the past few quarters, along with de-rating. Since FY24-end, companies have witnessed upto 67% cut in FY26 estimates- Aarti Industries-56%, Deepak Nitrite-57%, Laxmi Organics-58%, PCBL-62%, and NOCIL-67%, Clean Science-44%, Jubilant Ingrevia-33%, SRF-27% and Vinati Organics-15%. FY27 consensus estimates have also witnessed up to 60% cut.

In contrast, Fine Organics remains relatively resilient, with FY26/FY27 estimates cut by only 7%/18%, while Navin Fluorine stands out with 15%/21% increase. Compared with the previous quarter (Q3FY26), current consensus estimates have moved up sequentially for a few names, led by Aarti Industries (15%) and Navin Fluorine (13%). However, the majority still witnessed further trims, with the sharpest sequential cuts seen in PCBL (35%), Deepak Nitrite (7%), PI Industries (7%), and Gujarat Fluorochemicals (6%). These indicate that earnings expectations remain under pressure, despite selective upticks.

- Margin compression dominates, with a few resilient performers:** Amid an increasingly adverse macro environment, most companies under our coverage have witnessed a sharp contraction in gross margins since FY20. Aarti Industries saw margins plunge to 34% in Q3FY26 from a peak of 61% in Q3FY22. Clean Science's gross margin declined from 78.6% in Q4FY21 to 60.7% by Q3FY26. Deepak Nitrite experienced one of the steepest erosions, with margins falling from 50.7% in Q2FY21 to 27.8% in Q3FY26. In contrast, PI Industries' margins expanded from 45% in Q2FY22 to 59% in Q3FY26 due a favorable product mix, while most companies in the coverage universe reported marginal decline of 100-200bps, indicating relatively stable margin performance.
- Bearish outlook amid supply glut:** Lack of clarity persists in the global chemicals industry amid sluggish demand recovery, tariff uncertainties, structural overcapacity, and ongoing inventory destocking across several regions. China continues to increase exports at aggressive pricing, with CEFIC noting that Chinese chemical production grew 8% in H1CY25, significantly outpacing global production growth of 4.2%, further worsening global oversupply. EU demand remained largely stagnant, while concerns of a broader global economic slowdown persist. Elevated dumping in both domestic and non-US export markets is intensifying competitive pressures. Reflecting these challenges, global chemicals companies continue to remain cautious on the near-term outlook.

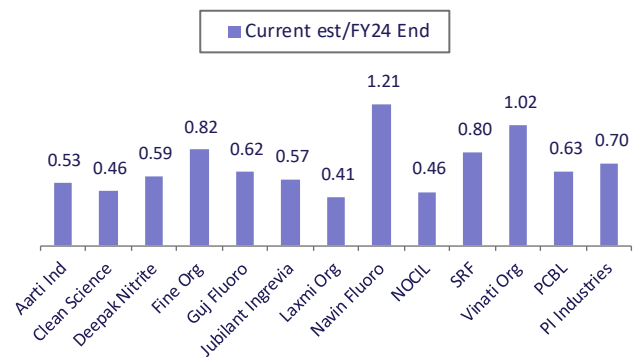
- **Chinese cuts key to market stability:** Global chemicals industry downturn is being exacerbated by China's continued capacity expansion, despite weakening demand fundamentals. In CY25, China added 9mmtpa of ethylene capacity, driving surplus capacity to 11.5mmtpa (up 121% YoY), while propylene oversupply is projected to reach 20.3mmtpa, following a record ~9.6mmtpa capacity addition, as per [ICIS](#). These additions are cascading into downstream polymers and intermediates, increasing exportable surplus and intensifying price competition across global markets. At the same time, [China's policy](#) target of >5% annual growth in petrochemicals and chemicals industry value during CY25–26 and its push to expand high-end polyolefins, electronic chemicals, and integrated chemical parks indicate that supply will continue to grow even as demand recovery remains fragile. As a result, global operating rates are declining, spreads are compressing, and margins are weakening across commodity chemical chains. Without meaningful capacity rationalization in China, the downcycle is likely to persist, delaying any sustained recovery in profitability.
- **Positive on Navin Fluorine and Fine Organics:** Fine Organics' Rs7.5bn SEZ greenfield project, for which environmental clearance has been received, is expected to be commercialized from FY27. With an estimated 3.5x asset turnover, the project offers a peak revenue potential of ~Rs26bn, providing strong topline growth visibility from FY28. The company's US manufacturing initiative and recent land acquisition further strengthen its long-term expansion plans. The stock trades at ~25x FY28E EPS; we maintain 'BUY' rating with TP of Rs5,117. Navin Fluorine's growth outlook remains robust, supported by full-capacity R32 operations, contributions from the Project Nectar, and a strong CDMO order book extending beyond CY26, with the management reiterating its USD100mn CDMO revenue target by FY27. Ongoing capacity expansion and debottlenecking initiatives are expected to sustain growth momentum. The stock trades at ~37x FY28E EPS; we maintain 'Accumulate' rating with TP of Rs7,038.

Exhibit 2: Change in FY26 EPS consensus estimates (x)



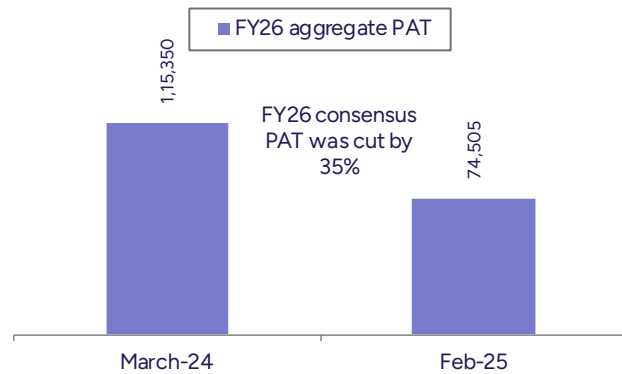
Source: Company, PL

Exhibit 3: Change in FY27 EPS consensus estimates (x)



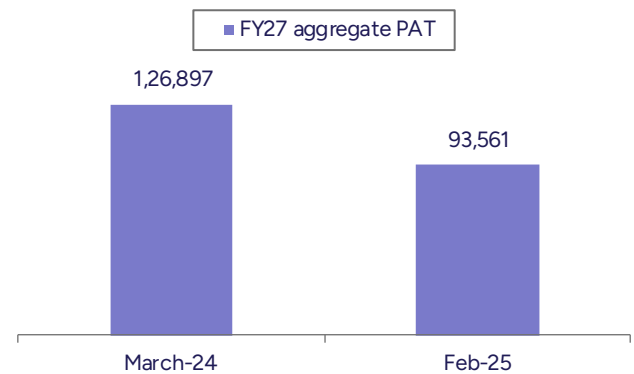
Source: Company, PL

Exhibit 4: Cut in consensus FY26 aggregate PAT est (Rs mn)



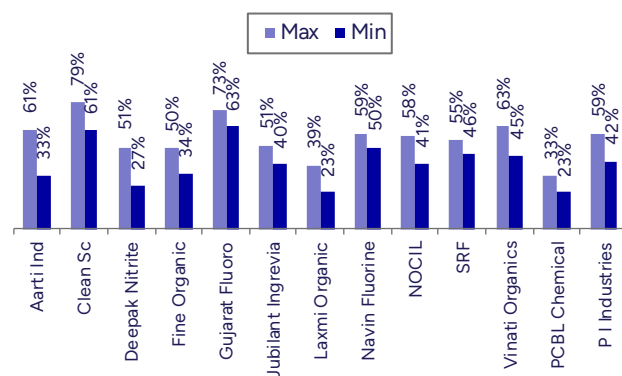
Source: Company, PL

Exhibit 5: Cut in consensus FY27 aggregate PAT est (Rs mn)



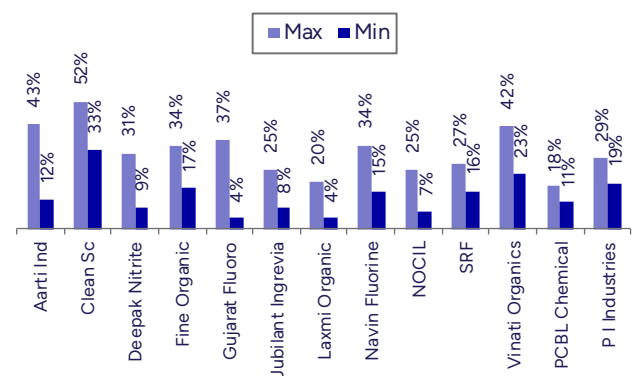
Source: Company, PL

Exhibit 6: Max/Min gross margins since Q1FY20



Source: Company, PL

Exhibit 7: Max/Min EBITDAM since Q1FY20



Source: Company, PL

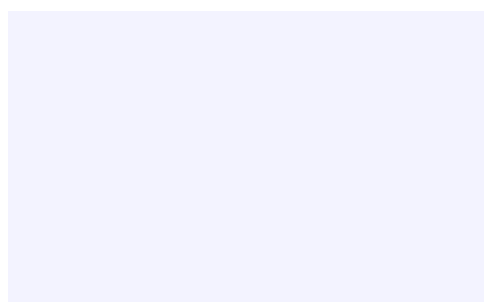


Exhibit 8: Commentaries of global companies

Company name	Date	Outlook for CY26
3M	Jan'26	Adjusted total sales growth of ~4%, reflecting adjusted organic sales growth of ~3%
Corteva	Feb'26	Agri demand remains mixed, with strong crop demand offset by weak commodity prices and pressured farmer margins. Crop protection outlook is modestly positive, with volume recovery partly offset by pricing pressure in Latin America and Asia Pacific
Dow	Jan'26	2026 to remain challenging
FMC	Feb'26	Revenue guided at USD3.6–3.8bn (~5% decline at mid-point), impacted by mid-single digit pricing pressure, largely from Rynaxypyr®. Ex-India volumes to grow modestly, supported by branded Rynaxypyr® and new actives, partly offset by lower partner orders and legacy portfolio declines, while India remains a ~2% headwind
Linde	Feb'26	Steady earnings growth supported by pricing, project pipeline expansion
LyondellBasell	Jan'26	Feedstock and energy price volatility persists. Planned operating rates: O&P (Olefins & Polyolefins) Americas: ~85%, O&P EAI: ~75%, I&D (Intermediates & Derivatives) : ~85%. Seasonal demand to improve in Europe; PE pricing supported by tight NA inventories. Oxyfuel margins to normalize with seasonal uplift

Source: Company, PL

Exhibit 9: Change in our FY26 forecasts EPS

Change in our FY26 estimates	30-03-24	30-06-24	30-09-24	31-12-24	31-03-25	30-06-25	30-09-25	31-12-25
Aarti Ind	19.8	19.2	12.1	13.1	11.9	12.3	9.0	10.3
Clean Science	37.4	34.0	31.3	31.1	31.6	31.6	27.2	20.9
Deepak Nitrite	68.7	63.2	66.9	60.7	51.1	50.5	45.7	32.7
Fine Org	141.0	162.4	168.0	159.0	154.7	155.9	150.9	130.2
Guj Fluoro	78.0	66.1	53.0	55.2	57.2	65.8	63.0	54.7
Jubilant Ingrevia	18.7	21.6	16.1	17.7	18.4	19.8	20.3	17.5
Laxmi Org	7.3	7.3	7.1	6.1	5.8	5.4	4.7	2.2
Navin Fluoro	86.2	71.5	69.1	71.0	80.5	84.7	101.0	131.2
NOCIL	9.7	9.0	8.7	6.8	6.9	6.3	4.7	3.6
SRF	65.1	58.2	50.0	42.3	52.4	54.7	58.1	57.0
Vinati Org	45.0	43.9	40.9	43.2	46.7	46.4	46.0	41.8
PCBL	-	-	-	-		15.4	8.2	6.4
PI Industries	-	-	-	-		-	110.3	87.1

Source: Company, PL

Exhibit 10: Valuation Summary

Company Names	S/ C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Aarti Industries	C	Acc	454	466	164.7	72.7	84.2	93.2	101.7	10.0	11.4	13.8	15.2	3.3	3.8	5.5	6.8	9.1	10.3	15.2	18.8	6.0	6.5	8.8	10.0	50.0	43.9	29.9	24.1
Clean Science and Technology	C	HOLD	737	841	78.3	9.7	9.5	11.3	14.1	3.9	3.4	4.1	5.1	2.6	2.2	2.7	3.5	24.9	20.9	25.7	32.6	20.2	14.7	15.9	17.5	29.6	35.2	28.7	22.6
Deepak Nitrite	C	HOLD	1,640	1,673	223.7	82.8	77.5	86.1	98.9	10.9	8.3	11.7	14.2	7.0	4.5	6.8	7.9	51.1	32.7	49.7	57.8	13.7	8.0	11.2	11.8	32.1	50.1	33.0	28.4
Fine Organic Industries	C	BUY	4,478	5,117	137.3	22.7	23.3	24.9	29.9	5.1	4.7	5.3	7.1	4.1	4.0	4.2	5.6	133.9	130.2	136.6	181.9	19.5	16.1	14.7	16.9	33.4	34.4	32.8	24.6
Gujarat Fluorochemicals	C	HOLD	3,411	3,434	374.7	47.4	47.9	61.0	67.9	11.6	12.8	16.4	18.8	5.5	6.0	8.1	9.2	49.7	54.7	73.7	84.1	8.3	8.0	9.9	10.2	68.6	62.4	46.3	40.6
Jubilant Ingrevia	C	HOLD	612	657	96.8	41.8	44.4	51.4	54.9	5.2	5.5	7.0	8.0	2.5	2.8	3.5	4.0	15.9	17.5	22.2	25.1	8.9	8.9	10.3	10.7	38.5	35.1	27.6	24.4
Laxmi Organic Industries	C	REDUCE	141	125	39.2	29.9	28.3	31.5	35.0	2.8	1.5	2.0	2.5	1.1	0.6	0.9	1.2	4.1	2.2	3.1	4.3	6.1	3.2	4.4	5.7	34.5	63.0	45.0	33.0
Navin Fluorine International	C	Acc	6,388	7,038	316.8	23.5	32.1	38.7	44.7	5.3	10.4	12.0	14.2	2.9	6.5	7.3	8.9	58.2	131.2	148.1	179.3	11.5	22.5	21.3	21.7	109.8	48.7	43.1	35.6
NOCIL	S	HOLD	150	159	25.1	13.9	13.1	14.4	15.6	1.4	1.1	1.5	1.7	1.0	0.6	0.9	1.0	6.2	3.6	5.4	5.8	5.9	3.4	5.1	5.2	24.4	41.9	27.6	26.1
PCBL Chemical	C	HOLD	307	302	115.8	84.0	83.2	96.5	107.3	13.4	10.7	13.1	15.8	4.4	2.4	4.5	7.0	11.5	6.4	12.0	18.4	12.5	6.5	11.8	16.6	26.6	47.7	25.6	16.7
P.I. Industries	C	HOLD	3,016	3,196	457.6	79.8	68.3	72.6	77.3	21.8	18.1	19.3	20.7	16.6	13.2	14.3	15.2	109.4	87.1	94.0	100.3	0.2	0.1	0.1	0.1	27.6	34.6	32.1	30.1
SRF	C	HOLD	2,679	2,894	796.8	146.9	155.1	171.2	188.6	27.2	33.5	35.7	40.5	12.5	17.0	17.7	20.6	42.1	57.0	59.5	69.2	10.4	12.7	11.9	12.4	63.7	47.0	45.0	38.7
Vinati Organics	C	Acc	1,483	1,671	153.7	22.5	22.2	24.6	27.7	5.8	6.6	6.6	7.6	4.1	4.3	4.3	5.0	39.1	41.8	41.8	48.0	15.4	14.6	13.0	13.4	37.9	35.5	35.4	30.9

Source: Company, PL S=Standalone / C=Consolidated / Acc = Accumulate

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Accumulate	466	430
2	Bharat Petroleum Corporation	Accumulate	406	373
3	Bharti Airtel	Accumulate	2,313	2,038
4	Clean Science and Technology	Hold	841	861
5	Deepak Nitrite	Hold	1,673	1,634
6	Fine Organic Industries	BUY	5,117	4,423
7	GAIL (India)	BUY	190	160
8	Gujarat Fluorochemicals	Hold	3,434	3,360
9	Gujarat Gas	Accumulate	422	399
10	Gujarat State Petronet	Hold	296	303
11	Hindustan Petroleum Corporation	Accumulate	457	428
12	Indian Oil Corporation	Accumulate	195	176
13	Indraprastha Gas	Accumulate	191	167
14	Jubilant Ingrevia	Hold	657	626
15	Laxmi Organic Industries	Reduce	125	143
16	Mahanagar Gas	Accumulate	1,305	1,181
17	Mangalore Refinery & Petrochemicals	Accumulate	162	151
18	Navin Fluorine International	Accumulate	7,038	6,598
19	NOCIL	Hold	159	153
20	Oil & Natural Gas Corporation	Accumulate	297	267
21	Oil India	Accumulate	527	479
22	Petronet LNG	Hold	288	290
23	Reliance Industries	BUY	1,688	1,423
24	SRF	Hold	2,894	2,883
25	Vinati Organics	Accumulate	1,671	1,496

PL's Recommendation Nomenclature

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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